

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 26, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: BUDGET MEMO #48 PRELIMINARY FY 2003 ADD/DELETE LIST

ISSUE: Receipt of the preliminary FY 2003 Add/Delete List.

RECOMMENDATION: That City Council receive the preliminary FY 2003 Add/Delete List (Attachment 1). This item will be discussed at the April 29 work session and staff will incorporate any requested revisions prior to the distribution of the final Add/Delete list, which will be available prior to budget adoption on May 6.

Consistent with City Council's budget procedures that are established under Resolution Number 1998 (Attachment 2), for City Council to consider any motion that would increase an expenditure outlay above the baseline proposed budget, City Council must include in the motion at least an equivalent reduction in other specific budget outlays, an increase in other specific revenues, or a combination of both. In addition, the resolution states "any appropriation from the Undesignated Fund Balance or like account beyond that proposed in the Manager's proposed budget shall require an affirmative vote of five Council Members." The resolution also states in the event that the City Manager recommends final revenue adjustments that result in a net change from the revenue estimates included in the Proposed Budget (as did occur this year), the net increase in the revenue estimate shall be reflected as a change in the proposed appropriation from the Undesignated Fund Balance.

DISCUSSION: The preliminary FY 2003 Add/Delete List consists of all items identified by members of Council either orally or in writing for inclusion in the Add/Delete List.

The preliminary Add/Delete list also includes proposed transfers from the non-departmental budget for proposed employee compensation adjustments.

ATTACHMENTS: Attachment 1 - Preliminary FY 2003 Add/Delete List
Attachment 2 - Resolution 1998, Budget Resolution Regarding the Treatment
of Final Revenue Adjustments During the Budget Process

STAFF: Mark Jinks, Assistant City Manager for Fiscal and Financial Affairs
Gene Swearingen, Director, Office of Management and Budget
Carol Moore, Acting Deputy Director, Office of Management and Budget

	<u>Expenditures</u>		<u>Revenues</u>		
	Add	Delete	Add	Delete	Council Action
	(1)	(2)	(3)	(4)	(5)

**A. CITY MANAGER'S PROPOSED
FY 2003 GENERAL FUND
OPERATING BUDGET**

\$373,311,244

\$363,537,600

NOTE: The net effect of the following recommended revenue adjustments in items 1 through 7 below is a net increase of \$1.4 million in General Fund revenues for FY 2002. In accordance with Resolution #1998, these recommended revenue adjustments will reduce the proposed appropriation from general fund fund balance from \$9.8 million to \$8.4 million. Increasing the appropriation from fund balance beyond the revised figure of \$8.4 million requires a vote of 5 Council members.

B. REVENUE ADJUSTMENTS

- | | | |
|----|---|-----------|
| 1) | An increase of \$0.5 million in the estimate of General Fund Business License Tax Revenue, to reflect revised projections based on receipts through March 31, 2002 (Budget Memo # 29). | \$500,000 |
| 2) | An increase of \$0.45 million in the estimate of the General Fund Other Miscellaneous Local Tax Revenues, to reflect revised projections based on receipts through March 31, 2002 (Budget Memo # 29). | \$450,000 |
| 3) | An increase of \$0.4 million in the estimate of General Fund Personal Property Tax Revenue, to reflect revised projections based on actual revenues received through March 31, 2002 (Budget Memo # 29). | \$400,000 |
| 4) | An increase of \$0.25 million in General Fund Real Property Tax Revenue, to reflect revised projections based on actual revenues received through March 31, 2002 (Budget Memo #29). | \$250,000 |

CITY OF ALEXANDRIA, VIRGINIA
FY 2003 PRELIMINARY ADD/DELETE LIST, PAGE 2

		<u>Expenditures</u>		<u>Revenues</u>		<u>Council Action</u>
		<u>Add</u>	<u>Delete</u>	<u>Add</u>	<u>Delete</u>	
		(1)	(2)	(3)	(4)	(5)
5)	An increase of \$0.2 million in the estimate of Intergovernmental Revenues. This increase consists of an anticipated increase of reimbursements from the Commonwealth for vehicle personal property tax relief (\$0.3 million); partially offset by decreases in Law Enforcement Aid (HB 599) (\$0.1 million) and Compensation Board funding (\$0.016 million) (Budget Memo # 29).			\$200,000		
6)	An increase of \$0.1 million in the estimate of General Fund Miscellaneous Non-tax Revenues, to reflect revised projections based on actual revenues received through March 31, 2002 (Budget Memo #29).			\$100,000		
7)	A decrease of \$0.5 million in the estimate of General Fund Penalties and Interest, to reflect revised projections based on actual revenues received through March 31, 2002 (Budget Memo #29).				\$500,000	
[The net fiscal impact of the revenue adjustments noted in items 1-7 above is a net increase in General Fund Revenues of \$1.4 million.]						
8)	A decrease in the proposed Real Estate Tax Rate of \$1.09.					
	<u>Option A:</u> Discussion of the possibility of a further real estate tax rate reduction (Mayor Donley's, Councilman Euille's and Councilman Speck's request).					
	<u>Option B:</u> Reduce the real estate tax rate by \$0.01 from \$1.09 to \$1.08 (Vice Mayor Councilman Speck's request).				\$2,400,000	

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	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
9) Amend proposed City parking lot and garage fee increases by reducing the proposed City employee rate from \$90 to \$75 per month and raising the non-City monthly parkers by an additional \$5 per month (Budget memo #17, Councilwoman Woodson's request).			\$17,000		

C. EXPENDITURE ADJUSTMENTS

(Note: The Proposed FY 2003 Non-Departmental budget includes \$3,750,000 to fund a 2.5 percent general salary adjustment (COLA) for City and DASH employees, plus \$2,000,000 for an increase in the employee share of health care benefits for active and retired employees. These monies will be transferred to the appropriate departmental accounts pending City Council's approval of these compensation increases. It should also be noted that the City Manager's Proposed FY 2003 City appropriation to the Alexandria City Public Schools, in the amount of \$114,932,680, includes \$2,600,000 for the Schools' comparable 2.5 percent COLA recommended by the City Manager for City employees).

C1 - Compensation Adjustments

- | | | |
|-----|--|---|
| 10) | Approve the 2.5 percent cost of living adjustment (COLA) for all City employees, including the City Manager, City Attorney, City Clerk and for City Council aides and the Mayor's aide. | Monies for a 2.5% COLA are included in FY 2003 Proposed Budget. |
| 11) | Approve merit-in-step increases for all eligible city employees. The eligibility of the City Manager, City Attorney, and City Clerk for this increase shall be conditioned upon a satisfactory evaluation by City Council, and the amount of any increase shall be set by Council. | No net impact. Monies are included in FY 2003 Proposed Budget within each department's baseline budget. |

CITY OF ALEXANDRIA, VIRGINIA
FY 2003 PRELIMINARY ADD/DELETE LIST, PAGE 4

		<u>Expenditures</u>		<u>Revenues</u>		Council Action
		Add	Delete	Add	Delete	
		(1)	(2)	(3)	(4)	(5)
12)	Approve an increase in the employer share of health care benefits for active and retired City employees to help offset part of the expected cost increases.					No net impact. Monies are included in FY 2003 Proposed Budget.
13)	Approve the creation of a new step "O" at the end of the City's pay scales to remain competitive in the compensation arena.					No net impact. Monies are included in FY 2003 Proposed Budget.
14)	Approve an adjustment in the way overtime is calculated from an "hours worked" to "hours paid," which will make the earning of time-and-one-half more equitable among all City employees.					No net impact. Monies are included in FY 2003 Proposed Budget.
15)	Confirm an overtime policy change in which double-time overtime hours for employees who worked on Sunday, or on the seventh day of the work week have been switched to a time-and-one-half pay rate.					No net impact. Savings are reflected in FY 2003 Proposed Budget.
16)	Establish a committee to undertake a review and analysis of City Council salaries (including a comparison with other jurisdictions) and prepare a report to City Council (Councilman Euille's and Councilwoman Woodson's request).					No net fiscal impact in FY 2003.

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		<u>Expenditures</u>		<u>Revenues</u>		Council Action
		Add	Delete	Add	Delete	
		(1)	(2)	(3)	(4)	(5)
C2 - Other Expenditure Adjustments						
17)	Add funding to the School Operating Fund for the addition of a 2.3% longevity step to the School System's employees pay scales (Budget memo#12).					
	<u>Option A:</u> Add \$397,000 to the School Operating Fund when combined with \$280,000 of additional State Aid would provide the needed \$677,000 for full funding of the added step (Mayor Donley's, Councilwoman Eberwein's, Councilman Euille's and Councilman Speck's request).	\$397,000				
	<u>Option B:</u> Add \$677,000 to the School Operating Fund for full funding of the added step (Vice Mayor Cleveland's request).	\$677,000				
18)	Add \$56,000 in funding for vocational services for high school graduates with mental retardation or developmental disabilities (Budget memo #39, Mayor Donley's, Councilman Euille's and Councilman Speck's request).	\$56,000				
19)	Add \$20,000 in funding for the Arlandria Clinic (Mayor Donley's request).	\$20,000				

CITY OF ALEXANDRIA, VIRGINIA
 FY 2003 PRELIMINARY ADD/DELETE LIST, PAGE 6

		<u>Expenditures</u>		<u>Revenues</u>		<u>Council Action</u>
		<u>Add</u>	<u>Delete</u>	<u>Add</u>	<u>Delete</u>	
		(1)	(2)	(3)	(4)	(5)
20)	Continue DASH About Shuttle Service (Budget memo # 26).					
	<u>Option A:</u> Nine month program at 15 minute frequencies (Mayor Donley's and Councilman Euille's request).	\$120,000				
	<u>Option B:</u> Nine month program at 10 minute frequencies (Councilman Speck's request).	\$150,000				
21)	Utilize \$730,980 of the General Fund State Aid Loss Contingent to cover State aid losses of the City's Special Revenue Fund (Budget memo #36, Mayor Donley's request).	\$-0-				
22)	Add \$100,000 in funding to Alexandria Libraries contingent upon Libraries spending this \$100,000 on additional books and materials for the Burke Library, with a requirement to report back to City Council on the utilization of the funds (Vice Mayor Cleveland's request).	\$100,000				
23)	Add \$50,000 in funding for professional consulting services to implement the new development review process and/or to carry out the development of new area plans (e.g., Mt. Vernon, Eisenhower West, etc.) (Councilwoman Eberwein's request).	\$50,000				

CITY OF ALEXANDRIA, VIRGINIA
FY 2003 PRELIMINARY ADD/DELETE LIST, PAGE 7

		<u>Expenditures</u>		<u>Revenues</u>		<u>Council Action</u>
		<u>Add</u>	<u>Delete</u>	<u>Add</u>	<u>Delete</u>	
		(1)	(2)	(3)	(4)	(5)
24)	Add \$35,000 in funding for the Arts Grant Program in FY 2003, with \$35,000 in additional funding intended to be added in FY 2004 (Budget memo #28, Councilman Euille's and Councilman Speck's request).	\$35,000				
25)	Add \$50,000 in funding to the Department of Transportation and Environmental Services to purchase additional new street trash cans (Councilman Euille's request).	\$50,000				
26)	Add \$80,000 in funding to the Contingent Reserves for child care center rate and Fee System eligibility increases (Budget memo #43, Councilman Euille's request).	\$80,000				
27)	<u>Health Insurance for Family Day Care Providers</u> (Budget memo #44)					
	<u>Option A:</u> Add \$50,000 to the Department of Human Services with a commitment to establish a local task force to work on this issue (Councilman Euille's request).	\$50,000				
	<u>Option B:</u> Add \$500,000 to the Department of Human Services (Councilwoman Woodson's request).	\$500,000				
28)	Add \$15,000 in funding to the Department of Recreation, Parks and Cultural Activities to provide for an irrigation system for King Street Gardens (Councilman Speck's request).	\$15,000				

CITY OF ALEXANDRIA, VIRGINIA
FY 2003 PRELIMINARY ADD/DELETE LIST, PAGE 8

		<u>Expenditures</u>		<u>Revenues</u>		Council Action
		Add (1)	Delete (2)	Add (3)	Delete (4)	
29)	Add \$50,000 for closed captioning of City Council meetings (Budget memo #41, Councilwoman Woodson's request).	\$50,000				
30)	Add \$10,000 to the Department of Planning and Zoning to develop customer information/ education brochures (Budget memo #42, Councilwoman Woodson's request).	\$10,000				
31)	Add \$25,000 to the Department of Recreation, Parks and Cultural Activities to initiate a public arts program (Councilwoman Woodson's request).	\$25,000				

DELETES

32)	<u>Vice Mayor Cleveland's requests</u>					
	a) Delete \$350,000 from the Health Insurance Contingent (Budget memo #37).		\$350,000			
	b) Delete \$327,000 from the State Aid Contingent.		\$327,000			
	c) Delete \$2,500,000 from the cash capital contribution to the Capital Projects Fund.		\$2,500,000			
33)	<u>Councilwoman Pepper's request</u>					
	a) Delete \$200,000 from the Health Insurance Contingent (Budget memo #37).		\$200,000			

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<u>Expenditures</u>		<u>Revenues</u>		Council Action
Add	Delete	Add	Delete	
(1)	(2)	(3)	(4)	(5)

D. APPROPRIATION FROM FUND BALANCE

- 34) Make an appropriation from General Fund Balance necessary to balance the FY2003 Budget. (The City Manager's proposed budget includes an appropriation of \$8,376,644. Based on the recommended revenue and expenditure adjustments in Section C, this amount may change).

Additional expenditures which would increase fund balance utilized:

<u>Option A:</u> Mayor Donley's requests \$593,000	\$593,000
<u>Option B:</u> Councilwoman Eberwein's requests \$647,000	\$647,000
<u>Option C:</u> Councilman Euille's requests \$788,000	\$788,000
<u>Option D:</u> Councilman Speck's requests \$653,000	\$653,000
<u>Option E:</u> Councilwoman Woodson's requests \$568,000	\$568,000

E. RECESS TO ENABLE STAFF TO COMPLETE NECESSARY CALCULATIONS BEFORE ADOPTION OF THE TAX RATE ORDINANCE.

F. ADOPTION OF THE FY 2003 GENERAL FUND BUDGET AS AMENDED

<u>Expenditures</u>		<u>Revenues</u>		Council Action
Add	Delete	Add	Delete	
(1)	(2)	(3)	(4)	(5)

Move to adopt the FY 2003 General Fund budget as amended in the following amounts:

<u>Total Expenditures</u>	<u>Total Revenues</u>
<hr/>	<hr/>

including a General Fund appropriation to the Alexandria City Public Schools of \$_____ (\$114,932,680 is proposed).

There is a decrease proposed in the real property tax rate of two cents, from \$1.11 to \$1.09 (1 cent = \$2.4 million for the 18 months that this rate affects), and no increase proposed in the personal property tax rate of \$4.75 (1 cent = \$100,000).

G. ADOPTION OF THE FY 2003 TO FY 2008 CAPITAL IMPROVEMENT PROGRAM

The proposed FY 2003 to FY 2008 Capital Improvement Program totals \$183,577,058, with the following annual funding requirements: FY 2003--\$54,478,360; FY 2004--\$43,317,884; FY 2005--\$36,980,791; FY 2006--\$24,194,806; FY 2007--\$13,675,961; FY 2008--\$10,929,256. [In the event that City Council approves amendments to the Capital Improvement Program, these totals, and the CIP funding plan, will be adjusted accordingly.]

- 35) Provide (at no net new cost to the CIP) \$1,250,000 for the Duncan Library expansion by using \$1,250,000 previously budgeted for the Market Square parking garage related improvements for the Duncan Library expansion and then using the \$1,250,000 planned for the Duncan Library expansion in FY 2004 for Market Square parking garage related improvements (Budget memo #34, Vice Mayor Cleveland's and Councilman Euille's request).

CITY OF ALEXANDRIA, VIRGINIA
FY 2003 PRELIMINARY ADD/DELETE LIST, PAGE 11

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
36) Add funding for the proposed Skateboard Park (Budget memos #14 and #46)					
<u>Option A:</u> Councilwoman Eberwein's and Councilwoman Pepper's request.	\$200,000				
<u>Option B:</u> [City funding and a request for \$50,000 in funds or in-kind services, given or pledged, to come from private sources] (Councilman Euille's and Councilman Speck's request.	\$150,000				

H. CHANGES IN FUND BALANCE DESIGNATIONS TO BE USED FOR CAPITAL PROJECTS

<u>Option A:</u> Increase capital project designation (Vice Mayor Cleveland's request).	\$2,500,000
<u>Option B:</u> Increase capital project designation (Councilman Euille's and Councilman Speck's request).	\$150,000

RESOLUTION NO. 1998**Budget Resolution Regarding the Treatment of
Final Revenue Adjustments During the Budget Process**

WHEREAS, the City of Alexandria and the Greater Washington region face continued economic challenges; and

WHEREAS, the Alexandria City Council has previously exhibited restraint when considering its annual budget and financial policies; and

WHEREAS, the Alexandria City Council wishes to establish structure surrounding upcoming budget deliberations to ensure responsible actions with current economic resources;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Alexandria, Virginia, that the Council shall, for the purposes of consideration of the Budget for the City of Alexandria, adhere to the following rules of procedure:

Section (a) Proposed Budget for the City of Alexandria -

(1) For purposes of this resolution, the budget baseline of revenue rates and expenditure levels for the fiscal year shall be that proposed by the Manager of the City of Alexandria.

(2) For purposes of this resolution, the Office of Management and Budget shall provide revenue and/or expenditure projections for any motion or amendment which could affect the proposed budget specified in paragraph (1).

Section (b) Maximum Expenditure Levels May Not Exceed Sum of Projected Revenue and Appropriation from Undesignated Fund Balance in Proposed Budget -

(1) It shall not be in order in the Alexandria City Council to consider any motion or amendment to the proposed budget of the City of Alexandria if such motion or amendment would have the effect of increasing any specific budget outlays above the level of such outlays contained in the proposed budget specified in section (a) of this resolution, or would have the effect of reducing any specific revenues below the level contained in the proposed budget specified in section (a) of this resolution, unless such motion or amendment makes at least an equivalent reduction in other specific budget outlays, identifies an equivalent increase in other specific revenues, or an equivalent combination thereof.

(2) In the Alexandria City Council, any appropriation from the Undesignated Fund Balance or any like account beyond that proposed in the Manager's proposed budget shall require an affirmative vote of five Council members.

(3) In the event that the City Manager recommends final revenue adjustments that result in a net increase or net decrease from the revenue estimates specified in section (a) of this resolution, the net change in the revenue estimate shall be reflected as a change in the proposed appropriation from the Undesignated Fund Balance. As

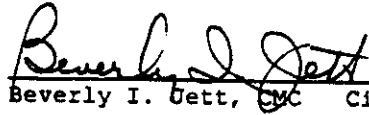
specified in Section (b)2, any appropriation from the Undesignated Fund Balance beyond that proposed in the Manager's proposed budget, including the net effect of final revenue adjustments, shall require an affirmative vote of five Council members.

Section (c) Expiration -- The provisions of this resolution shall expire on June 30, 2003.

ADOPTED: March 27, 2001


KERRY J. DONLEY MAYOR

ATTEST:


Beverly I. Bett, CMC City Clerk

